



# UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office  
Address: COMMISSIONER FOR PATENTS  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/777,586	02/12/2004	Roger Howard Williams III	U 015456-6	4935

140 7590 10/23/2006

LADAS & PARRY  
26 WEST 61ST STREET  
NEW YORK, NY 10023

EXAMINER

SUBRAMANIAN, NARAYANSWAMY

ART UNIT PAPER NUMBER

3692

DATE MAILED: 10/23/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

<b>Office Action Summary</b>	<b>Application No.</b> 10/777,586	<b>Applicant(s)</b> WILLIAMS, ROGER HOWARD	
	<b>Examiner</b> Narayanswamy Subramanian	<b>Art Unit</b> 3692	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

#### Status

- 1) ☒ Responsive to communication(s) filed on 31 July 2006.  
 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.  
 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

#### Disposition of Claims

- 4) ☒ Claim(s) 1-109 is/are pending in the application.  
 4a) Of the above claim(s) 1-49, 51, 53-104 and 106 is/are withdrawn from consideration.  
 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.  
 6) ☒ Claim(s) 50, 52, 105, 107-109 is/are rejected.  
 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.  
 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

#### Application Papers

- 9) ☐ The specification is objected to by the Examiner.  
 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
 Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
 Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).  
 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

#### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).  
 a) ☐ All b) ☐ Some \* c) ☐ None of:  
 1. ☐ Certified copies of the priority documents have been received.  
 2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.  
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

#### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)  | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftperson's Patent Drawing Review (PTO-948)                                    | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)             |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)<br>Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____  |

### **DETAILED ACTION**

1. This office action is in response to applicant's communication of July 31, 2006. Addition of claims 108-109 have been entered. Election of claims 50, 52, 105 and 107-109 with traverse in response to election/restriction is acknowledged by the examiner. Claims 1-109 are pending in the application. Claims 1-49, 51, 53-104 and 106 are withdrawn from further consideration by the examiner, 37 CFR 1.142(b), as being drawn to a non-elected invention. Applicants are respectfully advised to cancel the non-elected claims in response to this office action. Claims 50, 52, 105 and 107-109 have been examined. The rejections and response to arguments are stated below.

#### ***Claim Rejections - 35 USC § 112***

2. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter, which the applicant regards as his invention.

3. Claims 50, 52, 105 and 107-109 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Independent claims 50, 105 and 108 recite the limitations of "may be made explicit, may be priced, and may be used to control" which makes the scope of the claims unclear. Specifically the use of the phrase "may be" in these claims makes the metes and bounds unclear. Claims 52, 107 and 109 are rejected by dependency on the rejected independent claims. The first limitation in these claims recites "a debtor and a creditor". It is not clear if these are the debtor and creditor recited in the preamble.

Claim 52 recites the limitation of "The method of claim 50, wherein pricing and

Art Unit: 3692

capturing the value of a financial entities' regulatory capital savings is done using the following equation". However there is no reference to "pricing and capturing the value of a financial entities' regulatory capital savings" in claim 50. Hence it is not clear as to what is the relationship between claims 50 and 52 and it is also not clear how claim 52 further limits the claimed invention of claim 50. Similar ambiguities are present in claims 107 and 109. Appropriate clarification/correction is required.

In view of the ambiguities in claims 52, 105 and 109, the examiner is unable to provide art rejections for these claims.

***Claim Rejections - 35 USC § 101***

4. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

5. Claims 50, 52, 105 and 107-109 are rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory Subject matter.

35 USC 101 requires that in order to be patentable the invention must be a "new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof" (emphasis added).

Claims 50, 52, 105 and 107-109 are rejected under 35 U.S.C. § 101 for failing to produce useful, concrete and tangible result. Claims 50, 105 and 108 recite the steps of providing three different clauses that doesn't ensure anything real world, so it lacks tangibility. The steps of providing a clause do not require a response. Arguably this is not useful, as merely providing a clause doesn't yield anything specific and substantial.

The Court of Appeals for the Federal Circuit issued opinions in *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 149 F. 3d 1368, 47 USPQ2d 1596 (Fed. Cir. 1998) and *AT&T Corp. v. Excel Communications, Inc.*, 172 F.3d 1352, 50 USPQ2d 1447 (Fed. Cir. 1999). These decisions explained that, to be eligible for patent protection, the claimed invention as a whole must accomplish a practical application. That is, it must produce a “useful, concrete and tangible result.” *State Street*, 149 F.3d at 1373-74, 47 USPQ2d at 1601 02. To satisfy section 101 requirements, the claim must be for a practical application of the § 101 judicial exception, which can be identified in various ways: (a) The claimed invention “transforms” an article or physical object to a different state or thing. (b) The claimed invention otherwise produces a useful, concrete and tangible result, based on the factors discussed below.

The USPTO’s official interpretation of the utility requirement provides that the utility of an invention has to be (i) specific, (ii) substantial and (iii) credible. See MPEP § 2107.

The tangible requirement does require that the claim must recite more than a § 101 judicial exception, in that the process claim must set forth a practical application of that § 101 judicial exception to produce a real-world result. Benson, 409 U.S. at 71-72, 175 USPQ at 676-77 (invention ineligible because had “no substantial practical application”).

For an invention to produce a “concrete” result, the process must have a result that can be substantially repeatable or the process must substantially produce the same result again. In re Swartz, 232 F.3d 862, 864, 56 USPQ2d 1703, 1704 (Fed. Cir. 2000) (where asserted result produced by the claimed invention is “irreproducible” claim should be rejected under section 101). The opposite of “concrete” is unrepeatable or unpredictable. The limitation of “any possible combination or permutation of principal and interest to be paid, and the timing thereof”

does not produce anything concrete. Similarly allowing a debtor and a creditor to agree upon something, providing that the instrument's extension risk and credit risk be completely subject to the creditor's and debtor's control and providing that any options in the subject market may be made explicit, may be priced, and may be used to control the principal size, interest rate, and payment timing of the underlying obligation do not produce anything concrete.

There is no useful, concrete and tangible result produced from implementing the steps of the claimed invention. Claims 52, 107 and 109 are rejected for the same reason and by way of dependency on a rejected independent claim.

#### **Claim Rejections - 35 USC § 102**

6. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

7. Claims 50, 105 and 108 are rejected under 35 U.S.C. 102(b) as being fully anticipated by King (US Patent 5,742,775).

Claims 50, 105 and 108, King teaches a computer-based method and system for structuring an interest-bearing instrument in a subject market, the instrument having a debtor, a creditor, a sensitivity to parameter changes, an extension risk, a credit risk, and an underlying obligation having a principal size, an interest rate, and a payment timing, the method comprising the steps of: providing that the instrument's sensitivity to parameter changes allow a debtor and a creditor to agree upon any possible combination or permutation of principal and interest to be paid, and the timing thereof (See King Col 6 line 60 – Col 7 line 46); (b) providing that the

instrument's extension risk and credit risk be completely subject to the creditor's and debtor's control through a calculation of an agreement upon interest rates (See King Col 7 line 54 – Col 8 line 62); and providing that any options in the subject market may be made explicit, may be priced, and may be used to control the principal size, interest rate, and payment timing of the underlying obligation (See King Col 9 line 39 – Col 10 line 56).

### ***Response to Arguments***

8. Applicant's arguments for withdrawing the Election/Restriction have been fully considered but are not persuasive. The case for the inventions being distinct and independent was already made in the last office action. Also the inventions require separate searches. Unlike other art units where the searches are primarily focused on patent literature, in business methods a bulk of the search is in non-patent literature, which imposes a serious burden on the examiner if two or more inventions have to be searched. For these reasons and reasons cited in the last office action the restriction of inventions is maintained.

### **Conclusion**

9. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

(a) Finkelstein et al. (US Pub. No. 2001/0037284 A1) (November 1, 2001) Negotiated Right Exchange System and Method.

(b) Almeida (US Pub. No. 2005/0114259 A1) (May 26, 2005) Mortgage Option Method.

(c) Aguais et al. (US Pub. No. 2003/0135450 A1) (July 17, 2003) System and Methods for Valuing and Managing the Risk of Credit Instrument Portfolios.

(d) Flory et al. (US Pub. No. 2005/0137956 A1) (June 23, 2005) Utilizing Cash Flow Contracts and Physical Collateral for Energy-Related Clearing and Credit Enhancement Platforms.

(e) Scloss et al. (US Pub. No. 2002/0065753 A1) (May 30, 2002) Financing of Loans.

(f) Birle et al. (US Pub. No. 2005/0080706 A1) (April 14, 2005) Convertible Financial Instruments with Contingent Payments.

(g) Arehart (US Pub. No. 2005/0108028 A1) (May 19, 2005) Methods and Apparatus for Marketing Mortgage Insurance and associated Products and Performing Transactions Including Mortgage Insurance.

(h) Gerhart et al. (US Pub. No. 2005/0065871 A1) (March 24, 2005) Collateralized Loan Market Systems and Methods.

10. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dr. Narayanswamy Subramanian whose telephone number is (571) 272-6751. The examiner can normally be reached Monday-Thursday from 8:30 AM to 7:00 PM. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Richard Chilcot can be reached at (571) 272-6777. The fax number for Formal or Official faxes and Draft to the Patent Office is (571) 273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PMR or Public PAIR. Status information for unpublished applications is available through Private PMR only. For more information about the PMR



Art Unit: 3692

system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

A handwritten signature in black ink, appearing to read "N. Sub", followed by a long horizontal stroke.

Dr. N. Subramanian  
Primary Examiner

October 14, 2006